

BOARD - DCRP and 457 Fee Discussion Item
February 9, 2012

- Fees charged to the participants of each plan vary:

	DCRP	457
Admin Fee:	20 basis points annually – Capped at \$300 per year.	Graduated fee 35 – 15 basis points based on account balance. Capped at \$300 per year.
Annual Fee	\$57.00	\$5.00

- Net revenue received into the funds:

	DCRP	457
	<ul style="list-style-type: none"> Forfeitures 12(b)1 Annual fee from participants Basis point fee from participants 	<ul style="list-style-type: none"> Fidelity 12(b)1 Annual fee from participants Basis point fee from participants

- DCRP and 457 trust fund balances exceed the dollar amount allowed under Board Administrative Policy 12.

	DCRP	457
FYE 2011 Fund Balance:	\$1,316,200	\$932,835
Limit per Policy	\$ 403,237	\$316,500

- EIAC recommended changes:
 - Reduce DCRP annual fee from \$57.00 to \$20.00 per year
 - Reduce 457 basis point fee to a flat 20 basis points per year
 - Issue:** Members with account balances in excess of \$100,000 will see a 5 basis point fee increase. In addition, cap should be lowered from \$300 to \$220 under this recommendation.
- Other issues to consider:
 - Both the DCRP and 457 Fund Balances will be reduced by approximately \$250,000 per year between 2012 and 2015 due to expenses related to the MPERActive project.
 - Changes in fund options from managed to indexed will naturally reduce fee revenue.
 - Any change to the fee structure should be sustainable, not reduced one year only to be increased the next.

457 ADMINISTRATION FUND								
	ACTUALS				ASSUMPTIONS			
	2009	2010	2011	2012	2013	2014	2015	2016
Beginning Fund Balance	685,157	748,688	913,130	1,180,052	1,285,621	1,484,783	1,748,675	2,286,432
Revenue:								
Fidelity	38,108	43,803	50,196	51,702	53,253	54,851	56,496	58,191
12(b)1	175,215	191,124	220,750	227,373	234,194	241,220	248,456	255,910
Account	16,000	16,000	16,528	17,354	18,222	19,133	20,090	21,094
Bps	139,196	186,376	256,945	321,182	401,477	501,846	627,308	784,135
Misc	12,739	4,347	10,229	5,594				
Total	381,258	441,650	554,648	623,204	707,146	817,050	952,350	1,119,330
Expenses:								
Budgeted	(317,727)	(277,208)	(287,727)	(212,679)	(250,961)	(296,134)	(349,438)	(412,337)
MPERAtiv				(304,956)	(257,023)	(257,023)	(65,155)	0
Total	(317,727)	(277,208)	(287,727)	(517,635)	(507,984)	(553,157)	(414,593)	(412,337)
Net Revenue	63,531	164,442	266,921	105,569	199,162	263,892	537,757	706,993
Ending Fund Balance	748,688	913,130	1,180,052	1,285,621	1,484,783	1,748,675	2,286,432	2,993,424
Limit per policy	349,500	304,929	316,500	569,399	558,783	608,473	456,053	453,571

NOTES: Misc revenue includes STIP earnings and SEC settlements.

12b(1) Fees at 3%
bbp at 25Basis Points
Returned Fees at 5%
Budgeted Expenses at 18%

401(k) Plan								
ACTUALS				ASSUMPTIONS				
	2009	2010	2011	2012	2013	2014	2015	2016
Beginning Fund Balance	966,468	1,059,735	1,107,138	1,316,201	1,244,792	1,210,348	1,171,339	1,285,819
Revenue:								
Forfeitures	265,972	323,172	415,137	355,489	391,038	430,142	473,166	520,472
12(b)1		46,308	52,331	53,901	55,518	57,184	58,900	60,667
Account	201,422	37,570	52,303	62,240	74,066	88,138	104,884	124,812
Bps		33,898	51,587	61,904	74,285	89,142	106,971	128,365
Misc	17,926	3,691	4,284	1,895				
Total	485,320	444,639	575,642	535,430	594,907	664,606	743,911	834,315
Expenses:								
Actual/Budgeted	(392,053)	(397,236)	(388,968)	(349,647)	(412,583)	(486,848)	(574,481)	(677,888)
MPERAtiv	-	-	22,389	(257,192)	(216,767)	(216,767)	(54,950)	-
Total	(392,053)	(397,236)	(366,579)	(606,839)	(629,350)	(703,615)	(629,431)	(677,888)
Net Revenue	93,267	47,403	209,063	(71,409)	(34,443)	(39,009)	114,479	156,427
Ending Fund Balance	1,059,735	1,107,138	1,316,201	1,244,792	1,210,348	1,171,339	1,285,819	1,442,246

Limit per policy	431,258	436,959	403,237	667,523	692,286	773,977	692,374	745,677
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NOTES:
In 2009 fees were lumped into one account (525031).
Miscellaneous revenue includes STIP earnings.

Forfeitures at 10%
12(b)1 Fees at 3%
Returned Fees at 19%
bpp Fees at 20 Basis Points
Budgeted Expenses at 18%